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SUBJECT: EGYPT'S ECONOMY: MAY 12 WEEKLY PRESS ROUND-UP

¶1. (U) The following are notable economic news stories that appeared over the past week in the Egyptian press:

Draft Budget and Annual Civil Service Raise

¶2. (U) On May 6, the Shura Council, the upper house of the Egyptian parliament, approved the draft fiscal budget for FY2009/2010. The budget reflects total revenues of LE228 billion (US\$40.71 billion) and expenditures of LE319 billion (US\$56.96 billion). The resulting deficit of LE91 Billion (US\$16.25 billion) is approximately 8% of GDP. The Budget and Planning Committee of the People's Assembly, the lower house of the Egyptian parliament approved a 5% annual base-salary increase for civil servants. The government has been indicating that it could not finance a higher salary increase without reducing capital spending. The Ministry of Finance compared the raise to last year's 30% increase saying there were significant financial challenges, including low tax revenues, falling Suez Canal income, and increased spending to stimulate the economy. (Ahram, Akhbar, Al Masry Al Yom, 5/7/2009)

Falling Remittances

¶3. (U) Minister of Economic Development Osman Mohamed Osman confirmed that, according to data from the Central Bank of Egypt, remittances of Egyptians working abroad are declining because of the global economic recession and the drop in oil prices. During 2009/2010, remittances are expected to be US\$6.8 billion, down from \$8.6 billion in 2007/2008. In 2005/2006 and 2006/2008, remittances were US\$5 billion and US\$6.3 billion, respectively. (Al Youm Al Sabee, 5/7/2009)

Unemployment Rises

¶4. (U) According to the official government statistics agency, the Central Agency for Public Mobilization and Statistics (CAPMAS), Egypt's unemployment rose to 9.4% in the first quarter of 2009 from 8.8% in the last quarter of 2008. The number of unemployed reached 2.3 million workers. Some officials stated that the segment of the labor market most affected is semi-skilled labor, mainly young university graduates. (Al Masry Al Yom, 5/6/2009)

Gold Production

¶5. (U) Minister of Petroleum Sameh Fahmy announced initial steps to establish the first integrated gold production factory from the Sokary mine in the Eastern Desert. The Australian-based company Centamin is responsible for the mining and production of the gold. Production reserves in the projects are estimated to be 13 million ounces, worth approximately US\$13 billion, according to the chairman

of the Mineral Resources Authority, Hussein Hammouda. Production is expected to begin in July 2009 with a capacity of 200,000 ounces in the first year, rising to 500,000 ounces in the future. (Ahram, 5/5/2009)

Ration Cards

¶6. (U) The Ministry of Social Solidarity will issue an additional 400,000 ration cards in May 2009 for new beneficiaries including seasonal laborers, drivers, individuals with special needs and chronic diseases, craftspeople, minors, and members of single-parent families. The additional cards, through which the beneficiaries will receive fully subsidized food products, will increase the total number of ration cards to 11.5 million cards benefiting 63.5 million Egyptians. (Ahram, 5/4/2009)

Oil and Gas Field Discoveries

¶7. (U) On April 30, the Apache Corporation, a Houston-based oil and gas exploration and production company, reported two new oil and gas field discoveries in the Faghur Basin in the extreme southwest part of Egypt's Western Desert and the first discovery in the North Tarek Concession along the Mediterranean coast. The discoveries flow-tested a combined total of 6,537 barrels of oil and 30 million cubic feet of gas per day. (Zawya, 5/11/2009).
SCOBAY